

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 PM-07 INR-10 L-03 NEA-10

NSAE-00 PA-03 RSC-01 PRS-01 USIA-12 TRSE-00 MBFR-03

SAJ-01 SS-15 NSC-10 ACDA-19 EB-11 SIL-01 LAB-06

COME-00 COA-02 RSR-01 /142 W
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R 202230 Z JUN 73

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 3735

INFO COMICEDEFOR

CINCLANT

JCS

USMISSION NATO

AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

C O N F I D E N T I A L REYKJAVIK 0710

E. O. 11652: GDS

TAGS: MARR IC NATO

SUBJECT: IDF RETENTION ISSUE: INVOKING OF ARTICLE V11

REF: STATE 114649

1. IN OUR OPINION REFTTEL IS AN OUTSTANDING SUMMATION OF THE SITUATION. THERE IS A GREAT DISPARITY BETWEEN FONMIN AGUSTSSON'S INTENTIONS AND HIS RECORD OF DELIVERY. IN ONLY ONE ASPECT HAS HE BEEN ABLE TO PREVAIL, NAMELY DELAYING THE ACTUAL INVOKING OF ART V11. UNFORTUNATELY, EVEN ON THE LATTER, HE IS NOW RUNNING OUT OF STEAM.

2. BY STRETCHING OUT THE PROCESS AS MUCH AS WE HAVE BEEN ABLE TO DO SO FAR, WE HAVE GAINED SOME ADVANTAGE. IF ART V11 IS INVOKED ANYTIME IN JUNE AFTER TODAY, THE SIX MONTHS WILL EXPIRE A WEEK
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AFTER THE ALTHING WILL HAVE RECESSED FOR THE CHRISTMAS HOLIDAYS. IT DOES NOT NORMALLY RECONVENE BEFORE MID- JANUARY. BECAUSE THE BIENNIAL LABOR CONTRACTS EXPIRE THIS FALL, THE FIRST ORDER OF BUSINESS OF THE RECONVENED ALTHING WILL UNDOUBTEDLY BE THE ECONOMIC SITUATION BROUGHT ABOUT BY LABOR'S DEMANDS. PRESENT INDICATIONS ARE THAT LABOR MAY DEMAND INCREASES OF 25 PERCENT WHICH WILL ALSO FORCE LARGE PRICE HIKES THROUGHOUT THE ECONOMY. ALSO THE NEW BUDGET WILL HAVE TO BE DEBATED. IF THE GOVT IS GOING TO BE IN A MESS, IT WILL BE AT THAT TIME. THIS MAY BE WISHFUL THINKING ON OUR PART, ESPECIALLY IF THE PRICE OF FISH IN USA CONTINUES ITS UPWARD SPIRAL. JAN, FEB, MARCH IS AT LEAST A BETTER TIMEFRAME IN WHICH TO HAVE THE BASE ISSUE DEBATED THAN WOULD HAVE BEEN THE CASE HAD ART V11 BEEN INVOKED SOME SIX MONTHS AGO AND THE DEBATE TAKING PLACE TODAY.

3. I SAW FONMIN AGUSTSSON THIS MORNING FOR THE PURPOSE OF ASKING HIM TO CONTINUE TO DELAY THE ACTUAL INVOCATION OF ART V11. HE SAID I WAS ASKING TOO MUCH OF HIM SINCE THE LETTER OF NOTIFICATION TO NATO WAS ALL PREPARED AND WAS INTENDED FOR TRANSMISSION TO NATO FRIDAY OR NEXT MONDAY. HE SAID HE WAS RUNNING OUT OF EXCUSES. I THEN TOLD HIM I WAS GOING TO WASHINGTON FOR CONSULTATIONS THE END OF THIS WEEK AND REMARKED HE OWED IT TO THE UNITED STATES TO GIVE US MORE ADVANCE TIME TO CRANK UP OUR MACHINERY. HE WAS PLEASED TO HEAR THAT I WOULD BE IN WASH NEXT WEEK AND SAID HE COULD PROBABLY USE THIS FACT TO SEEK DELAY IN THE INVOCATION OF ART V11 TO THE END OF JUNE. HE SAID HE ASSUMED I WOULD BE GIVING WASH A FIRST HAND REPORT OF THE SITUATION IN ICELAND WHICH HE WOULD CONVEY TO HIS GOVT AS BEING A GOOD THING FOR ICELAND AND, THEREFORE, WORTH A DELAY. WHEN I ASKED HIM IF HE COULD DELAY BEYOND JUNE 30, HE SAID HE WOULD TRY, BUT EXPECTED THE CHANCES FOR SUCCESS TO BE NIL SINCE HE AND HIS GOVT HAVE GONE ON RECORD THAT ART V11 WILL BE INVOKED DURING THE MONTH OF JUNE.

4. IN SUPPORT OF AN EXTENSION BEYOND JUNE 30 I MENTIONED THAT IN 1956 GOI IN ITS LETTER TO NATO DATED JUNE 11, 1956 WHICH REQUESTED REPORT IN ACCORDANCE WITH ART V11 THERE WAS ALSO STATED IN SAME LETTER THAT THE SIX MONTH TIME PROVISION WOULD COMMENCE ON RECEIPT OF THE NATO REPORT BUT NO LATER THAN AUGUST 1, 1956. I REMARKED THAT IF GOI COULD DO IT THEN, WHY NOT NOW. AGUSTSSON REPLIED THAT HE WOULD LOOK INTO THE MATTER BUT STILL
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FELT BECAUSE OF HAVING GONE ON RECORD AT RECENT NATO MINISTERIAL AND IN PUBLIC ON THE JUNE 30 DATE HIS COMMUNIST COLLEAGUES WOULD NOT PERMIT HIM TO DELAY MUCH LONGER.

5. THIS EVENING I TALKED ALSO TO THORARIN THORARINSSON, PROGRESSIVE PARTY CHAIRMAN OF ALTHING FOREIGN RELATIONS COMMITTEE ON REQUEST FOR DELAY ON ARTICLE V11. AFTER MUCH DISCUSSION HE

AGREED TO SUPPORT FONMIN IF HE SO REQUESTS BUT DOUBTED IT WOULD
SUCCEED BECAUSE ANTI- BASE PEOPLE NOW OUTNUMBER THE PRO- BASE
PEOPLE ON HIS COMMITTEE.

6. COMMENT: I DOUBT WE CAN PUSH GOI MUCH FURTHER ON DATE.
I WILL BE SURPRISED IF AGUSTSSON CAN DELAY EVEN UNTIL JUNE 30.
EMOTIONS ARE STILL RUNNING HIGH AGAINST NATO BECAUSE OF
CONTINUED PRESENCE OF BRITISH FRIGATES IN ICELAND' S 50- MILE
UNILATERALLY IMPOSED FISHING LIMIT. THE IDF IS CAUGHT IN THE
MIDDLE.
IRVING

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